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ADVANCED ELECTRONICS, INC.
18220 South Broadway
Gardena, California 90248

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William Caton, Acting Secretary
Office of the Secretary
Federal Communications Commission
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Re: Revision of Part 22 and Part 90 of the Commission's
Rules to Future Deployment of Paging Systems
WT Docket No. 96-18

Implementation of Section 309(j) of the Communications
Act -- Competitive Bidding
PP Docket No. 93-253

**EX PARTE COMMENTS OF ADVANCED ELECTRONICS, INC.
ON THE COMMISSION'S MARKET AREA LICENSING PROPOSAL**

Dear Mr. Caton:

We hereby submit, pursuant to Section 1.1206(a)(1) of the Commission's Rules, the following ex parte comments in the above referenced proceeding.¹

Advanced Electronics is a privately held corporation which holds radio licenses in the Business Radio Private Carrier Paging Service, with facilities located principally in southern California. In order to implement our wide-area paging system, on the frequency 152.48 MHz, we have had to invest substantially in capital equipment, including: transmitters, antenna systems, terminals, antenna towers, and customer service locations. Thus, if the Commission's proposal, to license the shared Part 90 paging channels below 470 MHz² on market area basis is adopted, we will be adversely affected, especially as applied to the private carrier shared channels on which we are licensed.

¹ In accordance with Rule Section 1.1206(a)(1), two copies of these comments are being filed separately with the Office of the Secretary for inclusion in the record.

² These ten channels include the two VHF high power paging channels 152.48 and 157.74 MHz, as well as eight UHF channels -- 462.750, 462.775, 462.800, 462.825, 462.850, 462.875, 462.900 and 462.925 MHz.

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The imposition of market area licensing in the shared frequency bands threatens our ability to complete any expansion of these systems in response to market forces to meet our customers' demands for service. The Commission has recognized that these channels are heavily licensed in all of the desirable areas, and that the industry is highly competitive and robust. In order to reach this high level of competition, co-channel carriers have created a delicate balance in order to ensure service to their paging customers. An overlay auction would upset this balance. The Commission's proposal to convert these relatively few shared paging channels to exclusive use, and subject them to auction, would violate (1) Section 309(j)(7)(A) of the Communications Act of 1934, as amended (the Act), which prohibits consideration of federal revenues to be generated in making a determination that auctions would be in the public interest, and (2) Section 309(j)(6)(E), which requires the Commission to "use engineering solutions, negotiation, threshold qualifications, service regulations, and other means in order to avoid mutual exclusivity in application and licensing proceedings." Shared channel use is a well-established means of avoiding mutual exclusivity.

If the Commission proceeds with its proposal to implement market area licensing on the shared Part 90 paging channels, service to the public will be put at risk. Unlike the exclusive common carrier paging channels, these ten shared paging channels have been regulated under a separate set of rules and standards, which have not been as operationally desirable as the Part 22 paging services. As a result, stations have been licensed on these shared paging channels, with substantial overlap of each other's service areas. Because these channels are shared, these licensees have not been entitled to co-channel interference protection, and defined service and interference contours. Instead, the individual licensees have been required to make the necessary arrangements to share the channel. We have accepted this trade-off in exchange for the unlimited ability to expand coverage. It would be arbitrary and capricious for the Commission to now subject us and other shared licensees to a completely different licensing scheme, after licensees have invested millions of dollars in

reliance on the Commission's current rules.

Moreover, any conversion of the shared Part 90 paging channels would be detrimental to small businesses such as ourselves, and potentially, could drive many of us out of business. This is so because small businesses are unlikely to succeed in the auction. Also, the Commission would have to create a new license database for each licensed base station which includes full engineering data, much like that for the Part 22 common carrier paging services. Because the Commission has not previously licensed the shared Part 90 paging channels on this basis, individual field surveys would have to be conducted for each base station, to document the full engineering parameters. This process could result in expenditures of thousands of dollars per base station, for engineering services, especially since field visits would likely be required.

Finally, the implementation of the Commission's proposal would harm many carriers' ability to obtain financing, especially those who like ourselves, must rely on private financing in order to raise the necessary capital to make equipment purchases to update current physical plant and/or expand existing paging systems. Without the availability of public investors or access to private lines of credit, even the most credit-worthy carriers who have specialized in providing service on the shared Part 90 paging channels, could lose their flexibility to meet future subscriber demands for service.

Because the harm that would be visited upon the paging industry by the Commission's proposal to auction these shared channels would be great, the revenues derived from any auction negligible, and the degradation, if not at least a partial loss of service likely, the public interest would best be served by retaining the status quo with

respect to the shared paging channels -- that is, by continuing to license these channels on a shared basis with unlimited expansion rights.

Respectfully submitted,

ADVANCED ELECTRONICS, INC.

By 
Officer

Dated: 12/31/86

cc: Chairman Reed E. Hundt
Commissioner James H. Quello
Commissioner Rachelle B. Chong
Commissioner Susan Ness
Sandra Danner, Deputy Chief
Commercial Wireless Division